



Spatial Economics Research Centre

Tuesday, 12 March 2013

Linking cities and entrepreneurship

Posted by Dr Olmo Silva, SERC and LSE

Since the writings of [Marshall](#) and [Schumpeter](#) around a hundred years ago, entrepreneurs are considered a crucial 'ingredient' in promoting a sustaining economic growth. Paradoxically, the link between local entrepreneurship and economic dynamism is even more pronounced in today's highly globalized world – dense local clusters of entrepreneurship are the real powerhouses of local modern economies, capable of leveraging knowledge spillovers and agglomeration forces to produce the 'next big thing' and project it into a global reach.

Despite its crucial importance to policy making and a deeper understanding of the functioning of our economic activities, relatively little economic research has focused on measuring and modeling entrepreneurship, and not enough is known about what role entrepreneurs play in fostering agglomeration and urban economies.

Increasing our understanding of this crucial issue is the aim of a new network which looks to bring the 'entrepreneur' into urban and spatial economics.

A first workshop took place at the [University of Stirling](#) a few weeks ago. The local organizers were [Stephan Heblich](#) (one of our SERC affiliates) and [George Panos](#). With the help of Stephan and George, we managed to put together a gathering of academics working on the economics of entrepreneurship, policy makers and local small-business entrepreneurs.

During our first meeting, we heard a number of interesting pieces on the actual importance of entrepreneurs for the functioning and performance of the business; on the role of risk aversion in determining who chooses to be an entrepreneur and when; and on the role of entrepreneurial education.

The debate that followed revealed once again how little we know about these issues. Although entrepreneurs are clearly important and capable of taking on more risk, we have little evidence that education can really make random individuals more entrepreneurial and more risk-tolerant.

Fortunately, the entrepreneurs attending the meeting brought to the table some very interesting and somewhat more practical remarks: though we agree it's hard to make people entrepreneurial, we can set in place the conditions that 'unleash' the most entrepreneurial spirits. Surprisingly, creativity and availability was barely mentioned. What seems important instead is a tight network of other entrepreneurs with whom to share ideas, expertise, and information about market opportunities, needed inputs and motivated workers looking for job opportunities. That is, entrepreneurs really seem to benefit from being in a highly agglomerated urban environment.

To sum up, it is definitely time to bring back entrepreneurship back from the cold and into our research on clustering and agglomeration economies. That is what this network aims to do.

We are hoping to organize another meeting in 2013 and two more in 2014. If you want to be kept in the loop, simply let me know by [dropping me email!](#)

Posted by [Olmo Silva](#) on [Tuesday, March 12, 2013](#)

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[Gail Cherry](#) said...

Dear Dr Silva,

I read with interest your post on Linking cities and entrepreneurship on Tuesday, 12 March.

As a coach working with a group of local entrepreneurs, I do hope that the network will accept my contribution of thoughts and observations in response to some of the points in your report.

To set the scene; over a period of ten years I've built a space for entrepreneurs to come together and learn from and support each other with the aim of creating better opportunities for themselves and collaboratively, and also with the aim of projecting their wider reach. The businesses are clustered in the rural town of Penistone in South Yorkshire.

I've found that over the ten years I've been associated with this group, the greatest shifts that individuals have made have been as a result of 'action learning' in a facilitated group session, rather than in an earlier series of 'pouring-in' type facilitated training sessions – despite the fact that as a group they chose the topic areas to learn more about.

I'm sure that the entrepreneurs within our group would agree that the developmental focus provides the space and conditions that unleash their entrepreneurial spirit. They can pose a dilemma to the group or ask "what do I need to learn to master..."

I believe this group demonstrates quite clearly that together they can accelerate their own development by sharing: ideas, expertise and information about market opportunities, by sharing the weight of decisions and taking by action on wider business issues.

One person within the group recently posted the following extract on our LinkedIn group:

Sharing the weight of decisions

Thanks so much for the warm welcome yesterday! Just came across this great blog post that beautifully summarises the benefit of our group.

"Like most young people starting out in business, I felt a need to know all the answers, especially when I was promoted to a leadership position. But from Professor Drucker I learned that being vulnerable, involving others in the process, coming up with a better solution together, sharing the weight of decisions – those are all benefits of humility. Being deeply human, instead of trying to wear the Superman cape, is powerful and liberating."

Together we mindfully refresh the group – together we keep it alive and evolving. Attendance to the group is free of charge, however we raise funds on a 'pay-what-you-think-its-worth basis, its out intention that the funds will be pitched for by young budding local entrepreneurs. This feature appears to have engaged people more deeply with the group and now the group has a wider virtuous purpose.

On a personal and final note, I have wrangled with the moral dilemma of whether my interventions as a learning facilitator really do make a difference and shift those 'random individuals' to be more entrepreneurial and more risk tolerant –at the end of the day that's the purpose my practice serves. With this group: I can see and name the shift, I can see and name the collaborations and I can see the opportunity to explore deeper the impact on the local and wider economy. I believe this group demonstrates a model of entrepreneurial education.

21 March 2013 at 11:51

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